IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

IN RE:	)	
	)	**Chapter 11**
MANCHESTER OAKS HOMEOWNERS ASSOCIATION, INC.,	)	**Case No. 11-10179-SSM**
Debtor.	)	

OBJECTION TO MOTION FOR EXTENSION OF TIME TO FILE SCHEDULES, STATEMENTS, AND LISTS

Creditors Patrick K. Batt, Rudolph J. Grom, and James R. Martin, Jr. (the "Creditors"), by counsel, hereby file their Objection to the Motion for Extension of Time to File Schedules, Statements, and Lists (Doc. No. 18) filed by the Debtor herein.

The Debtor filed its voluntary petition on January 10, 2011. The Petition did not include any schedules whatsoever, nor did it include a list of equity security holders or the attorney fee disclosure. In addition, the list of creditors holding 20 largest unsecured claims filed with the petition listed only twelve creditors—one of which (the undersigned counsel's law firm) is not even a creditor in this case—and contains claim amounts that are falsely inflated. On January 13, 2011, the clerk of court issued a deficiency notice, stating that the missing documents shall be filed by January 24, 2011. On that day, the Debtor filed a motion for extension of time to file the missing documents, requesting that they be filed seven business days before the meeting of creditors. Then, on January 28, 2011, the Debtor filed a notice of rescheduled meeting of creditors, which, if the instant motion for extension of time is granted, would serve to further postpone the deadline for filing the missing documents by an additional nine days—to February 7, 2011. If the meeting of creditors had not been rescheduled and the motion for extension was granted, the schedules would have been due by January 29, 2011.

The Creditors have filed a Motion for Relief from the Automatic Stay (Doc. No. 10) in this case, which is set for hearing on February 2, 2011. On January 28, 2011, the Debtor filed an opposition to the Creditors' Motion for Relief from Stay (Doc. No. 24). The arguments presented in that opposition are almost entirely based on statements by the Debtor's counsel regarding the financial status of the Debtor and the nature and volume of its other creditors. However, none of that financial or creditor information is properly before the court, and the Creditors are not able to test the veracity of those statements, because the Debtor has heretofore failed to file any schedules. As such, the requested extension of time to file the schedules would be extremely prejudicial to the Creditors because the missing information could be used by the Debtor as a sword to prevent the timely resolution of the Creditors' motion for relief from stay.

A motion for extension of time to file schedules should generally be granted unless it is filed in bad faith or the enlargement of time would be prejudicial to an adverse party. *Bryant v. Smith*, 165 B.R. 176, 182 (W.D. Va. Bankr. 1994). Here, the Debtor's motion should be denied on both grounds. As discussed above, the Creditors would be prejudiced by the extension because it could be used by the Debtor to delay the Creditors' scheduled hearing on the motion for relief from stay.

In addition, the motion for extension appears to have been filed in bad faith to achieve this dilatory purpose. The Debtor's motion for extension does not explain why the Debtor has been unable to assemble the requested materials to date. The Debtor herein is a small homeowners association with only fifty-seven members. The Debtor currently retains and has for decades retained a management company to assist with its management duties. That management company retains all business records of the association and manages its contracts and its payables. In addition, the association is required under Virginia law to "keep detailed records of receipts and expenditures affecting the operation and administration of the association . . . in accordance with generally accepted accounting practices." Va. Code 55-510(A). This is not a small family business that keeps its receipts in a shoebox; the Debtor's records are maintained by an independent accredited community management company and should be readily available.

As the Defendant in the prior state court lawsuit brought by the Creditors, the Debtor herein spent eighteen months employing every possible dilatory tactic and strategy, resulting in a one-year case taking over eighteen months to litigate, and a one day trial taking over five days. In addition to tactical delays, the Fairfax County Circuit Court found that the Debtor's President filed a false affidavit that resulting in an unnecessary half-day evidentiary hearing and also attempted to suborn perjury during the trial. *See* Exhibits filed with the Creditors' Motion for Relief from Stay. These tactics served to significantly drive up the Creditors' fees and costs in the state court case, and the instant request is simply more of the same dilatory gamesmanship.

Because the Debtor's requested extension of time would result in a prejudice to the Creditors and appears to have been filed in bad faith, creditors Patrick K. Batt, Rudolph J. Grom, and James R. Martin, Jr. respectfully request that the Debtor's Motion for Extension of Time to File Schedules, Statements, and lists be denied.

Dated: January 31, 2011

Respectfully submitted,
PATRICK K BATT,
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JAMES R. MARTIN, JR.,
By counsel,

_/s/ David Ludwig_______________
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CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of January 2011, the foregoing Motion for Relief from the Automatic was served by the Court's ECF system and sent via United States mail to the following:

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